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ROD TURNBULL/KANSAS CITY

U.S. GRAIN TRADE: THE FREE MARKET WAY

ANNCR:

VOA AGRICULTURAL SPECIALIST HAS THIS BACKGROUND REPORT FROM KANSAS CITY ON HOW THE U.S. GRAIN MARKET WORKS.

VOICE:

THE SYSTEM FOR MARKETING GRAIN IN THE UNITED STATES IS NOT ONE THAT WAS INVENTED BY ANYONE OR CREATED BY LAW. IT WAS DEVELOPED THROUGH EXPERIENCE TO MEET THE COUNTRY'S NEEDS AND COMPLEMENT ITS EXPORT TRADE. A MAJOR ELEMENT IN THE SYSTEM IS WHAT'S CALLED "TRADING IN GRAIN FUTURES." THAT IS, THE SELLING OF GRAINS FOR FUTURE DELIVERY AND, OF COURSE, BUYING TO ACCEPT DELIVERY IN THE FUTURE.

THERE ARE THREE FUTURES MARKETS FOR GRAIN IN THE UNITED STATES -- ONE IN CHICAGO, ONE IN KANSAS CITY, AND ONE IN MINNEAPOLIS. PRICES SET AT THESE MARKETS REFLECT SUPPLY AND DEMAND FACTORS FOR GRAIN ALL OVER THE WORLD. AND BECAUSE OF THIS, WORLD MARKET GRAIN TRADING PLAYS HEAVILY ON PRICES SET IN DAY-TO-DAY TRADING IN THE UNITED STATES. THIS ALSO EXPLAIN THE GREAT INTEREST ABROAD IN THE WORKINGS OF THE AMERICAN GRAIN FUTURES MARKET.

VISITORS FROM AROUND THE WORLD COME TO THE KANSAS CITY BOARD OF TRADE TO OBSERVE FIRST HAND THE OPERATION OF THE GRAIN MARKET AND TO HAVE EXPLAINED JUST HOW THE MARKET WORKS. IN RECENT DAYS, VISITORS TO THE BOARD OF TRADE HAVE INCLUDED A MISSION FROM TAIWAN, A WHEAT TRADE MISSION FROM THE BENELUX COUNTRIES OF EUROPE, AND WHEAT REPRESENTATIVES FROM AUSTRALIA. A WHEAT TEAM FROM SYRIA WILL ALSO BE VISITING

KANSAS CITY SOON. IN RECENT MONTHS THE TRADE BOARD HAS PLAYED HOST TO VISITING GROUPS FROM JAPAN, INDIA, BRAZIL, AND WEST GERMANY.

DURING THEIR STAY IN KANSAS CITY, FOREIGN VISITORS ARE BRIEFED ON ALL ASPECTS OF THE GRAIN TRADING SYSTEM AND HOW IT RELATES TO THE EXPORT TRADE OF THEIR RESPECTIVE COUNTRIES. THEY'RE ALSO TOLD HOW GRAIN IS MOVED ... FROM ELEVATORS IN THE GRAIN BELT TO THE HUGE TERMINAL ELEVATORS IN THE BIGGER CITIES, AND THEN TO THE PORTS BY RAILROAD, BARGE OR TRUCK. THE VISITORS ARE ALSO TAKEN TO A BALCONY OVERLOOKING THE TRADING FLOOR, WHEN THEY CAN SEE TRADERS BUYING AND SELLING GRAIN.

THE KANSAS CITY WHEAT BOARD IS A MAJOR SUPPORTER OF THE PEOPLE-TO-PEOPLE PROGRAM UNDER WHICH FOREIGN GRAIN SPECIALISTS COME TO THE UNITED STATES. THE INCREASED UNDERSTANDING OF JUST HOW THE FREE MARKET SYSTEM WORKS IN GRAIN TRADE, THE BOARD BELIEVES, BENEFITS NOT ONLY THE VISITOR BUT ALSO ULTIMATELY, THE AMERICAN FARMER.

JS/PBM